

Three Year General Fund Financial Outlook
FY 2006-07 to FY 2008-09

Prepared Pursuant to Act 156 of 2005
§11-11-350

State Budget and Control Board
Office of State Budget

December 2005

Three Year General Fund Financial Outlook
FY 2006-07 to FY 2008-09
Based on Enacted FY 2005-06 Budget
(Dollars in Millions)

		Projections		
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
	"Base Year"			
<u>Resources:</u>				
Beginning Balance	\$13.0	\$288.9	\$163.7	\$0.0
Adjustments	157.8			
Revenue (BEA Long Range Revenue Forecast, 11/10/2005)	6,241.5	6,432.8	6,600.0	6,802.7
Tax Relief Trust Fund Transfers	(506.3)	(504.6)	(534.0)	(553.2)
Total Revenue/Resources	\$5,906.0	\$6,217.1	\$6,229.7	\$6,249.5
<u>Expenditures and Reserve Fund Contributions:</u>				
Baseline (Enacted FY 05-06 Budget)	\$5,617.1	\$5,617.1	\$5,617.1	\$5,617.1
<u>Constitutional/ Statutory Items:</u>				
Reserve Funds: General Reserve and Capital Reserve (CRF)		23.7	31.6	40.5
Local Government Fund		19.1	28.5	36.0
Debt Service		0.0	4.4	0.7
<u>Major Expenditure Categories:</u>				
K-12 Education		146.8	241.9	314.0
Medicaid		109.0	228.0	322.9
Health, Social Services and Corrections		24.6	24.8	37.6
Higher Education Scholarship Growth (LIFE & Palmetto Fellows)		17.3	26.2	36.5
Increase in Employer Retirement Contribution Rate		15.0	30.0	30.0
State Employee Compensation Changes (2.0% per year)		34.5	69.8	105.8
State Employee Health Plan-retiree growth + rate increase		28.1	60.2	110.4
Total Expenditures	\$5,617.1	\$6,035.2	\$6,362.5	\$6,651.5
Balance (Deficit Indicates Potential Budget Gaps)	\$288.9	\$181.9	(\$132.8)	(\$402.0)
Act 156: Repayment of Trust Funds		18.2		
Ending Balance	\$288.9	\$163.7	(\$132.8)	(\$402.0)
Projected CRF Funds Available for Nonrecurring Expenditures		\$102.3	\$111.8	\$114.7

The Notes and Assumptions are an integral part of this Financial Outlook.

Notes

The three year General Fund Outlook is prepared by the Office of State Budget in consultation with the Board of Economic Advisors in accordance with Section 11-11-350 of the S. C. Code of Laws, 1976. The Outlook is a three-year revenue and spending projection based on the enacted FY2005-06 budget.

The spending projections are cumulative and the estimates are based on the FY2005-06 enacted budget and major expenditure categories contained therein. Unless noted below, future years do not include any increases over the baseline expenditures (FY2005-06 enacted budget).

This document is intended to be used for planning purposes only and should not be viewed as requiring that the major expenditure items listed must be funded by the General Assembly. The Outlook does not attempt to capture every agency's needs or budget requests.

Resource/Revenue Assumptions

- ❖ The beginning balance for each fiscal year equals the ending balance of the prior fiscal year (difference between Revenue and Expenditures). If the balance for the prior fiscal year is less than zero, the beginning balance for the next fiscal year is assumed to be zero.
- ❖ The FY2005-06 beginning balance includes a \$13 million surplus from FY2004-05. This balance however, does not include \$104.9 million of additional FY2004-05 unobligated surplus revenues. At the close of FY2004-05, the

Comptroller General allocated \$104.9 million of unobligated surplus against net revenue accruals recorded in prior years. The General Assembly will address in the 2006 legislative session the accounting treatment recommended by the Comptroller General.

- ❖ The adjustments of \$157.8 million in FY2005-06 reflect the nonrecurring revenue sources included in the enacted budget.
- ❖ The Board of Economic Advisors (BEA) long range general fund revenue forecast is based upon the November 10, 2005 forecast for FY2006-07 adopted by the BEA. The FY2006-07 revenue estimate serves as the base for the long range forecast. The latest completed 10-year compound average growth rate of personal income was applied to the FY2006-07 estimate. The historical annual growth rate of personal income between FY1994-95 and FY2004-05 averaged 5.3% per year. This process was repeated for each revenue category in the General Fund. The long range forecast methodology is summarized as follows:
 - The BEA adopted personal income growth rates of 5.7% in FY2005-06 and 4.7% in FY2006-07 on November 10, 2005.
 - Actual growth in the sales tax averaged 4.9% from FY1994-95 to FY2004-05 and is forecast to increase at its 10-year average growth rate. The sales tax is expected to increase less than personal income with an elasticity of 0.92 throughout the forecast period.
 - The individual income tax is forecast to grow faster than personal income at 5.8% with an elasticity of 1.1 throughout the forecast period.
 - The long range revenue forecast incorporates all legislative changes enacted in 2005 that affect general fund revenue collection. The detailed ten year general fund revenue forecast by revenue category is included on page 9.

Expenditure Assumptions

K-12 EDUCATION

- ❖ **Education Finance Act (EFA)** – The Base Student Cost was estimated to be \$2,367 in FY 2006-07, \$2,438 in FY 2007-08, and \$2,511 in FY 2008-09. The corresponding inflation factors are 3.36% for FY 2006-07 and 3.0% for FY 2007-08 and FY 2008-09. The Weighted Pupil Units growth rate was estimated at 0.5% annually over the FY2006-07 estimate. Estimated incremental cost: FY2006-07 \$58.1 million, FY2007-08 \$58.3 million, FY2008-09 \$60.3 million.
- ❖ **School Bus Maintenance** - To replace nonrecurring funding. Estimates are for operating expenses and fuel costs at \$2.25/gallon, plus all other operating costs at FY2004-05 levels. Future years include a 5% inflation rate for fuel only. Estimates do not include any additional funds for bus purchases and assumes \$10.6 million of existing bus purchase funds will continue to be used for operating purposes. Estimated incremental cost: FY2006-07 \$24 million, FY2007-08 \$1.2 million, FY2008-09 \$1.3 million.
- ❖ **National Board Certification** - Based on the State Department of Education's estimate of 4,950 certified teachers for FY2006-07, an additional 600 in FY2007-08, and an additional 550 in FY2008-09 will become certified. Estimated incremental cost: FY2006-07 \$4.6 million, FY2007-08 \$5.1 million, FY 2008-09 \$4.7 million.
- ❖ **Education and Economic Development Act (EEDA)** – Enacted in May 2005, this Act requires the K-12 public education system to develop curriculum centered on career clusters (Agriculture, Science, Health, Business, etc.) and requires that middle and high schools have a student to guidance counselor ratio of at least 300 to 1 by FY2007-08. For FY2007-08 and FY2008-09, it was assumed that funds appropriated for Tech Prep (\$4,064,483)

will be used to implement provisions of the EEDA. Estimated incremental cost: FY2006-07 \$15.0 million, FY2007-08 \$6.4 million, FY2008-09 \$0.3 million.

- ❖ **Student Health and Fitness Act** – Enacted in June 2005, this Act designates the amount of physical education that students in grades K-5 receive each week, and requires that by FY2008-09 the physical education teacher to student ratio shall be at least 500 to 1 in elementary grades. Estimated incremental cost: FY2006-07 \$4.0 million and FY2007-08 \$24.1 million, FY2008-09 \$5.5 million.
- ❖ **Technology** – To replace nonrecurring funding in FY2005-06. The estimate assumes funding technology at \$15.9 million as it was in the FY2004-05 Appropriation Act.
- ❖ **Summer School** – To replace nonrecurring funding. The estimates for FY2006-07 through FY2008-09 represent the \$25.2 million portion of the program that was funded with nonrecurring Education Improvement Act (EIA) funds in the FY2005-06 Appropriation Act.

MEDICAID

- ❖ **Medicaid Program** – The estimate assumes 8% growth in FY2006-07 with a .3052 State match rate; 8% growth in FY2007-08 with a .3046 State match rate; with 9% growth in FY2008-09 with a .3041 State match rate. Funding was included for prescription medication co-payments of currently waived individuals who would otherwise lose this benefit as a result of the Medicare Modernization Act. Estimated incremental cost: FY2006-07 \$109 million, FY2007-08 \$119 million, FY 2008-09 \$ 94.9 million.

- ❖ **Medicaid Waiver Proposal** - In November of 2005, the Department of Health and Human Services (DHHS) requested a 1115 Demonstration Waiver from the Centers for Medicare and Medicaid Services. The waiver would allow DHHS to pursue a consumer-directed, market-based Medicaid model called South Carolina Healthy Connections which would allow Medicaid recipients to make choices from competing coverage options. The Outlook estimates for Medicaid do not include any adjustments for the waiver proposal.

HEALTH, SOCIAL SERVICES, AND CORRECTIONS

- ❖ **Department of Mental Health Veterans Nursing Homes** – Operating costs for Colleton County nursing home. Estimated cost: FY2006-07 \$6 million.
- ❖ **Department of Social Services Child Support Enforcement** - Child Support Enforcement Statewide Automated System Development - Funding is required to develop and implement a federally mandated statewide automated system for Child Support Enforcement as well as to pay for penalties currently imposed on the state by the federal government. Estimated nonrecurring incremental cost: FY2006-07 \$16.5 million, FY2007-08 \$12.5 million, and FY2008-09 \$ 25.3 million.
- ❖ **Department of Corrections Inmate Population** - Estimate based on an average increase in the inmate population of 700 inmates per year. Estimated incremental cost: FY2006-07 \$2.1 million, FY2007-08 and FY 2008-09 \$4.2 million per year.

HIGHER EDUCATION SCHOLARSHIP GROWTH

- ❖ **LIFE & Palmetto Fellows Scholarships** - Estimate assumes 5% and 7.5% annual growth rates over the previous year's estimates. Estimated incremental cost: FY2006-07 \$17.3 million, FY2007-08 \$8.9 million, FY2008-09 \$10.3 million.

EMPLOYER RETIREMENT CONTRIBUTION RATE

- ❖ Act 153 (S618) of 2005 increased the employer contribution rate for the SC Retirement System by 1% over a two year period. Estimated incremental cost: FY2006-07 and FY2007-08 \$15.0 million per year.

STATE EMPLOYEE COMPENSATION

- ❖ Estimate was based upon the salaries of agency heads, classified and unclassified positions, local health care providers and school bus drivers. 1% increase \$17.25 million.

STATE EMPLOYEE HEALTH PLAN

- ❖ Retiree Growth and Rate Increase - Calendar Year 2006 employer base (State funds only) is \$499,088,302; Annualization involves funding final six months (Jul-Dec) of increase effective prior January; Employer rate increase involves funding first six months (Jan-Jun) of increase effective January of the fiscal year. Projected annual premium growth rate effective 1/2007 2.1%; 1/2008 8.0%; 1/2009 8.0%

- ❖ Employer pays in the same proportion that is in place in January 2006 for 2007, 2008, and 2009; Retiree enrollment growth for FY2006-07 based on recent experience plus projected persons completing "TERI" periods; Retiree enrollment growth for FY2007-08 and FY2008-09 estimated at 3.5%/year net growth. Estimated cost: FY2006-07 \$28.1 million, FY2007-08 \$32.1 million, FY2008-09 \$50.2 million.

REPAYMENT OF TRUST FUNDS

- ❖ Pursuant to Act 156, the first ten percent of any surplus General Fund Revenues must be applied to fully restore all funds previously transferred and appropriated from earmarked or restricted accounts. The repayment applies to any surplus general fund revenues reported by the Comptroller General beginning in FY2006-07 and thereafter. Estimated Repayment: FY2006-07 \$18.0 million.

PERSONAL INCOME GROWTH
FY06 - 5.7%; FY07 - 4.7%
FORECAST PERIOD: FY08 to FY17- 5.3%

LONG RANGE GENERAL FUND REVENUE FORECAST
FISCAL YEARS 2003-04 TO 2016-17
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2003-04	FINAL FY 2004-05	11/00/05 ESTIMATE FY 2005-06	11/00/05 ESTIMATE FY 2006-07	WORKING ESTIMATE FY 2007-08	WORKING ESTIMATE FY 2008-09	WORKING ESTIMATE FY 2009-10	WORKING ESTIMATE FY 2010-11	WORKING ESTIMATE FY 2011-12	WORKING ESTIMATE FY 2012-13	WORKING ESTIMATE FY 2013-14	WORKING ESTIMATE FY 2014-15	WORKING ESTIMATE FY 2015-16	WORKING ESTIMATE FY 2016-17
RETAIL SALES TAX 1/ EXCISE, CASUAL SALES TAX INDIVIDUAL INCOME TAX CORPORATION INCOME TAX	2,184,113,990 20,391,878 2,438,989,825 174,724,918	2,297,479,128 20,995,722 2,691,471,960 215,331,461	2,421,781,348 22,192,478 2,818,247,286 219,638,090	2,530,882,708 23,235,525 2,893,742,901 224,030,652	2,653,487,722 24,374,065 2,950,745,683 215,880,652	2,782,365,216 25,568,395 2,979,129,580 215,880,652	2,917,621,307 26,821,246 2,965,343,960 215,880,652	3,059,577,697 28,135,467 2,949,917,945 215,880,652	3,208,573,503 29,514,126 2,932,743,360 215,880,652	3,364,964,146 32,477,374 2,913,705,525 215,880,652	3,529,124,279 34,068,773 2,892,682,882 215,880,652	3,701,447,773 34,068,765 2,869,546,594 215,880,652	3,882,348,949 35,738,134 2,844,160,115 215,880,652	4,072,263,675 37,489,303 2,816,378,738 215,880,652
SALES AND INCOME TAXES	4,015,464,377	5,225,279,269	5,479,659,202	5,671,691,966	5,844,486,321	6,002,944,052	6,125,667,366	6,253,512,161	6,386,711,841	6,525,510,840	6,670,165,387	6,820,943,984	6,978,128,050	7,142,012,568
ADMISSIONS/BINGO TAX ADMISS. TAX TRANSFER TO COMMERCE AIRCRAFT TAX ALCOHOLIC LIQUOR TAX BANK TAX BEER AND WINE TAX BUSINESS LICENSE TAX COIN-OPERATED DEVICES CORPORATION LICENSE TAX DEPARTMENTAL REVENUE 3/ DOCUMENTARY TAX LESS: CONSERVATION BANK TRUST FUND EARNED ON INVESTMENTS ELECTRIC POWER TAX LESS: TRANSFER TO NON-FED HWY FUND ESTATE AND GIFT TAXES LESS: FEDERAL CHANGE TO ESTATE TAX INSURANCE PREMIUM TAX INSURANCE LICENSE TAX INSURANCE RETALIATORY & OTHER TAX LESS: INSURANCE CREDITS MOTOR TRANSPORT FEES MOTOR VEHICLE LICENSES LESS: INFRAST. BANK TRANSFER-TRUCK LESS: HIGHWAY FUND TRANSFER-CAR LESS: TRANSFER TO NON-FED HWY FUND PETROLEUM INSPECTION TAX LESS: TRANSFER TO NON-FED HWY FUND PRIVATE CAR LINES TAX PUBLIC SERVICE AUTHORITY RETAILERS LICENSE TAX SAVINGS & LOAN TAX WORKERS COMP. INSURANCE CIRCUIT/FAMILY COURT FINES DEBT SERVICE TRANSFERS INDIRECT COST RECOVERIES MENTAL HEALTH FEES PAROLE / PROBATION FEES UNCLAIMED PROPERTY FUND	31,966,873 7,275,860 52,357,099 18,163,746 94,298,424 29,742,000 1,845,151 72,298,916 54,706,385 49,983,048 15,678,995 25,152,244 59,764,757 (27,000,000) 125,177,617 9,347,437 5,756,694 (11,118,474) 7,175 113,278,819 (54,597,105) (6,611,058) 8,264,897 2,686,815 11,173,063 923,546 3,621,194 12,864,774 9,525,684 2,746,034 22,567,429 3,800,000 3,393,564 6,800,000	31,453,851 (4,167,958) 54,684,140 28,822,372 94,750,899 29,810,107 1,865,755 74,499,924 50,636,745 85,328,781 26,074,491 25,490,375 59,434,731 (40,300,000) 133,154,240 19,526,259 7,933,345 (13,015,176) 19,596 120,794,833 (56,464,620) (6,703,933) 8,831,902 2,390,008 12,423,210 927,913 2,780,603 14,217,534 9,527,384 2,568,781 18,052,819 3,800,000 3,392,808 8,000,000	32,837,820 (7,333,551) 58,324,664 29,547,064 96,835,214 29,550,887 2,066,569 77,405,421 45,467,697 71,208,349 51,000,000 26,357,048 60,563,991 (59,200,000) 138,412,489 9,763,130 5,900,000 (16,000,000) 10,000 123,177,682 (58,100,000) (6,900,000) 9,035,036 (3,690,738) 2,435,418 13,267,988 937,193 2,877,924 14,914,193 9,717,932 2,161,082 18,052,819 3,800,000 3,392,808 10,000,000	34,282,685 (7,867,876) 58,014,404 30,277,979 98,965,589 29,481,785 1,900,000 80,424,232 44,467,897 77,817,101 51,000,000 27,253,187 61,714,707 (61,714,707) 146,940,764 10,983,521 5,000,000 (16,000,000) 18,000 125,641,235 (59,700,000) (7,100,000) 9,242,842 (6,746,949) 2,481,691 15,133,786 946,565 3,082,904 15,644,989 9,912,290 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	35,791,123 (8,214,063) 59,754,836 31,034,928 101,142,832 29,432,801 2,314,557 84,445,444 44,467,897 84,602,640 51,000,000 28,152,543 62,887,286 (64,082,145) 164,169,421 10,983,521 5,000,000 (16,000,000) 10,530 128,154,060 (56,802,828) (8,270,246) 9,767,687 (9,501,641) 2,578,891 15,133,786 965,496 3,190,806 16,986,765 10,312,747 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	37,365,932 (8,575,481) 61,547,481 31,810,802 103,367,974 29,373,936 2,592,304 88,867,716 44,467,897 92,218,678 51,000,000 30,041,268 64,082,145 (65,299,705) 173,527,078 12,356,461 5,000,000 (16,000,000) 18,954 130,717,141 (57,144,228) (8,714,583) 9,767,687 (10,041,182) 2,625,852 2,675,743 18,435,773 17,700,210 10,519,002 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	39,010,033 (8,952,803) 63,393,906 32,606,072 105,642,070 29,315,188 2,982,304 93,101,102 44,467,897 109,516,397 51,000,000 30,041,268 65,299,705 (66,540,400) 183,418,122 13,901,018 5,000,000 (16,000,000) 11,088 133,331,484 (57,938,885) (9,078,520) 10,181,759 (10,041,182) 2,625,852 2,675,743 18,435,773 17,700,210 10,519,002 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	40,726,475 (9,346,726) 65,295,723 33,421,223 110,341,452 29,256,558 1,976,760 97,756,157 44,467,897 109,562,872 51,000,000 31,032,630 66,540,400 (67,804,667) 183,418,122 13,901,018 5,000,000 (16,000,000) 19,959 138,718,076 (58,097,662) (9,924,083) 10,181,759 (10,324,303) 2,726,582 2,776,388 19,689,405 19,218,250 10,943,969 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	42,518,439 (9,757,982) 67,254,595 35,113,173 112,768,964 29,198,044 2,903,381 102,643,965 44,467,897 119,423,531 51,000,000 33,114,578 68,540,400 (69,082,956) 204,923,713 13,901,018 5,000,000 (16,000,000) 21,016 138,718,076 (59,097,662) (10,732,084) 10,468,844 (10,468,844) 2,726,582 2,776,388 21,028,285 20,025,417 10,943,969 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	44,389,251 (10,187,333) 71,350,399 35,991,002 115,249,881 29,081,369 3,251,787 107,776,163 44,467,897 130,171,849 51,000,000 31,114,578 69,082,956 (69,082,956) 216,804,365 15,638,646 5,000,000 (16,000,000) 22,130 144,322,286 (60,279,616) (11,805,945) 10,615,000 (10,468,844) 2,726,582 2,776,388 22,028,285 20,025,417 11,612,849 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	46,342,378 (10,635,576) 73,490,911 36,890,777 115,249,881 29,081,369 3,251,787 113,164,971 44,467,897 141,887,097 51,000,000 31,114,578 69,082,956 (69,082,956) 216,804,365 15,638,646 5,000,000 (16,000,000) 22,130 144,322,286 (60,279,616) (11,805,945) 10,615,000 (10,468,844) 2,726,582 2,776,388 22,028,285 20,025,417 11,612,849 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	48,381,442 (11,103,541) 73,490,911 36,890,777 117,785,378 29,081,369 2,056,621 113,164,971 44,467,897 141,887,097 51,000,000 31,114,578 69,082,956 (69,082,956) 216,804,365 15,638,646 5,000,000 (16,000,000) 22,130 144,322,286 (60,279,616) (11,805,945) 10,615,000 (10,468,844) 2,726,582 2,776,388 22,028,285 20,025,417 11,612,849 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	50,510,226 (11,592,097) 73,490,911 36,890,777 117,785,378 29,081,369 2,056,621 113,164,971 44,467,897 141,887,097 51,000,000 31,114,578 69,082,956 (69,082,956) 216,804,365 15,638,646 5,000,000 (16,000,000) 22,130 144,322,286 (60,279,616) (11,805,945) 10,615,000 (10,468,844) 2,726,582 2,776,388 22,028,285 20,025,417 11,612,849 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000	52,732,676 (12,102,149) 73,490,911 36,890,777 117,785,378 29,081,369 2,056,621 113,164,971 44,467,897 141,887,097 51,000,000 31,114,578 69,082,956 (69,082,956) 216,804,365 15,638,646 5,000,000 (16,000,000) 22,130 144,322,286 (60,279,616) (11,805,945) 10,615,000 (10,468,844) 2,726,582 2,776,388 22,028,285 20,025,417 11,612,849 1,953,928 18,052,819 3,800,000 3,392,808 10,000,000
OTHER BASE SOURCES	755,641,429	780,666,064	781,685,130	781,085,777	755,489,813	799,764,346	817,488,201	863,953,009	882,687,352	935,057,032	955,519,026	1,014,496,530	1,037,008,475	1,103,394,512
TOTAL GENERAL FUND REVENUE	5,571,105,806	6,005,944,333	6,241,544,333	6,432,777,763	6,599,978,135	6,802,708,398	6,943,155,567	7,117,465,190	7,269,399,192	7,460,567,872	7,625,684,413	7,835,440,514	8,015,136,525	8,245,407,080
PPROPRIATION ACT REVENUE LESS: TAX RELIEF TRUST FUND PLUS: TAX RELIEF FUND CARRYFORWARD XCLUDING TRUST FUND	5,494,776,250 (485,064,168) 5,009,712,082	5,594,777,980 (505,158,783) 5,089,619,197	5,965,877,763 (513,870,537) 5,459,596,844	5,965,877,763 (515,396,670) 5,917,381,093	5,965,877,763 (533,950,950) 6,066,027,185	6,802,708,398 (553,173,184) 6,249,535,214	6,943,155,567 (573,087,419) 6,370,068,148	7,117,465,190 (593,718,566) 6,523,746,624	7,269,399,192 (615,092,434) 6,654,306,758	7,460,567,872 (637,235,762) 6,823,332,110	7,625,684,413 (660,176,249) 6,965,508,164	7,835,440,514 (683,942,594) 7,151,497,920	8,015,136,525 (708,564,528) 7,306,571,997	8,245,407,080 (734,072,851) 7,511,334,229
CAPITAL RESERVE FUND (2%) - BEG. BAL. GENERAL RESERVE FUND (3%) - BEG. BAL. TOTAL RESERVES REVENUE EXCESS / SHORTAGE	98,599,197 49,299,599 147,898,796 76,329,556	99,356,026 75,154,528 174,510,554 411,166,353	102,325,596 153,488,394 255,813,990 275,666,570	111,821,213 167,731,819 279,553,032	114,553,476 171,830,214 286,383,690	118,347,622 177,521,433 295,869,055	121,320,544 181,980,816 303,301,359	124,990,704 187,486,056 312,476,761	127,401,363 191,102,044 318,503,407	130,474,932 195,712,399 326,187,331	133,086,135 199,629,203 332,715,338	136,466,642 204,699,963 341,166,605	139,310,163 208,965,245 348,275,408	143,029,958 214,544,938 357,574,896
EDUCATION IMPROVEMENT ACT 2/ EIA FUND EIA INTEREST	545,044,293 544,651,469 392,825	585,086,736 584,099,394 987,342	612,859,456 610,993,456 1,866,000	640,199,558 638,479,558 1,720,000	671,185,447 669,465,447 1,720,000	703,703,403 701,983,403 1,720,000	737,830,638 736,110,638 1,720,000	773,848,346 771,928,346 1,720,000	811,241,907 809,521,907 1,720,000	850,701,116 848,981,116 1,720,000	892,120,413 890,400,413 1,720,000	935,589,135 933,879,135 1,720,000	981,241,771 979,521,771 1,720,000	1,029,158,245 1,027,438,245 1,720,000
C. EDUCATION LOTTERY FUND (NET)	270,500,000	243,000,000	265,000,000	244,000,000										

1/ Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.
2/ Includes Interest earnings.
3/ Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.
Source: S. C. Board of Economic Advisors
11/22/05

PERSONAL INCOME GROWTH
FY06 - 5.7%; FY07 - 4.7%
FORECAST PERIOD: FY08 to FY17- 5.3%

REVENUE CATEGORIES	PERCENT CHANGE FY03/FY04	PERCENT CHANGE FY04/FY05	PERCENT CHANGE FY05/FY06	PERCENT CHANGE FY06/FY07	PERCENT CHANGE FY07/FY08	PERCENT CHANGE FY08/FY09
RETAIL SALES TAX 1/	6.3	5.2	5.4	4.5	4.9	4.9
EXCISE, CASUAL SALES TAX	7.6	3.0	5.7	4.7	4.9	4.9
INDIVIDUAL INCOME TAX	4.5	10.4	4.6	2.8	2.0	1.0
CORPORATION INCOME TAX	17.2	23.2	2.0	2.0	-3.6	0.0
SALES AND INCOME TAXES	5.7	8.5	4.8	3.5	3.8	2.7
ADMISSIONS/BINGO TAX	0.5	-1.6	4.4	4.4	4.4	4.4
ADMISS. TAX TRANSFER TO COMMERCE						
AIRCRAFT TAX	128.6	-29.1	2.0	2.0	2.0	2.0
ALCOHOLIC LIQUOR TAX	2.5	4.4	3.0	3.0	3.0	3.0
BANK TAX	-14.8	58.7	2.5	2.5	2.5	2.5
BEER AND WINE TAX	3.5	0.5	2.2	2.2	2.2	2.2
BUSINESS LICENSE TAX	1.9	-0.4	-0.2	-0.2	-0.2	-0.2
COIN-OPERATED DEVICES	-22.5	1.1	10.8	-8.1	21.8	-16.3
CORPORATION LICENSE TAX	12.3	3.0	3.9	3.9	5.0	5.0
DEPARTMENTAL REVENUE 3/	-1.9	-7.4	-10.2	-2.2	0.0	0.0
DOCUMENTARY TAX	32.1	30.7	9.0	9.0	9.0	9.0
LESS: CONSERVATION BANK TRUST FUND						
EARNED ON INVESTMENTS	-27.5	66.3	95.6	0.0	0.0	0.0
ELECTRIC POWER TAX	4.7	1.3	3.4	3.4	3.3	3.3
LESS: TRANSFER TO NON-FED HWY FUND						
ESTATE AND GIFT TAXES	0.9	-0.6	1.9	1.9	1.9	1.9
LESS: FEDERAL CHANGE TO ESTATE TAX						
INSURANCE PREMIUM TAX	10.1	6.4	4.7	5.4	5.7	5.7
INSURANCE LICENSE TAX	-49.8	108.9	-50.0	125.0	-50.0	125.0
INSURANCE RETALIATORY & OTHER TAX	-27.5	37.8	-25.6	6.8	-20.6	0.0
LESS: INSURANCE CREDITS	80.3	17.1	22.9	0.0	0.0	0.0
MOTOR TRANSPORT FEES	48.9	173.1	-49.0	80.0	-41.5	80.0
MOTOR VEHICLE LICENSES	2.6	6.6	2.0	2.0	2.0	2.0
LESS: INFRAS. BANK TRANSFER-TRUCK						
LESS: HIGHWAY FUND TRANSFER-CAR						
LESS: TRANSFER TO NON-FED HWY FUND						
PETROLEUM INSPECTION TAX	3.2	6.9	2.3	2.3	2.8	2.8
LESS: TRANSFER TO NON-FED HWY FUND						
PRIVATE CAR LINES TAX	2.8	-11.0	1.9	1.9	1.9	1.9
PUBLIC SERVICE AUTHORITY	6.6	11.2	6.8	6.8	6.8	6.8
RETAILERS LICENSE TAX	1.7	0.5	1.0	1.0	2.0	2.0
SAVINGS & LOAN TAX	5.7	-23.2	3.5	3.5	3.5	3.5
WORKERS COMP. INSURANCE	4.6	10.5	4.9	4.9	4.2	4.2
CIRCUIT/FAMILY COURT FINES	-1.7	0.0	2.0	2.0	2.0	2.0
DEBT SERVICE TRANSFERS	-16.4	-6.5	-15.9	-9.6	0.0	0.0
INDIRECT COST RECOVERIES	2.1	-20.0	0.0	0.0	0.0	0.0
MENTAL HEALTH FEES	0.0	0.0	0.0	0.0	0.0	0.0
PAROLE / PROBATION FEES	0.0	-0.0	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	0.0	21.2	25.0	0.0	0.0	0.0
OTHER BASE SOURCES	0.6	3.3	-2.4	-0.1	-0.7	5.9
TOTAL GENERAL FUND REVENUE	5.0	7.8	3.9	3.1	2.6	3.1
PPROPRIATION ACT REVENUE	-6.1	1.8	6.6			
LESS: TAX RELIEF TRUST FUND	2.4	4.1	1.7	0.3	3.6	3.6
PLUS: TAX RELIEF FUND CARRYFORWARD						
EXCLUDING TRUST FUND	-6.8	1.6	7.3	8.4	2.5	3.0
CAPITAL RESERVE FUND (2%) - BEG. BAL.	-3.0	0.8	3.0	9.3	2.4	3.3
GENERAL RESERVE FUND (3%) - BEG. BAL.	27.1	52.4	104.2	9.3	2.4	3.3
TOTAL RESERVES	5.3	18.0	46.6	9.3	2.4	3.3
REVENUE EXCESS / SHORTAGE						
EDUCATION IMPROVEMENT ACT 2/	6.0	7.3	4.7	4.5	4.8	4.8
EIA FUND	6.1	7.2	4.6	4.5	4.9	4.9
EIA INTEREST	-7.1	151.3	89.0	-7.8	0.0	0.0
C. EDUCATION LOTTERY FUND (NET)	21.1	-10.2	9.1	-7.9		

1/: Excludes (1%) Education Improvement Act
2/: Includes interest earnings.
3/: Includes former Dept. of Agriculture agency
Source: S. C. Board of Economic Advisors

PERSONAL INCOME GROWTH
FY06 - 5.7%; FY07 - 4.7%
FORECAST PERIOD: FY08 to FY17-5.3%

LONG RANGE GENERAL FUND REVENUE FORECAST
FISCAL YEARS 2003-04 TO 2016-17
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2003-04	FINAL FY 2004-05	11/10/05 ESTIMATE FY 2005-06	11/10/05 ESTIMATE FY 2006-07	WORKING ESTIMATE FY 2007-08	WORKING ESTIMATE FY 2008-09	WORKING ESTIMATE FY 2009-10	WORKING ESTIMATE FY 2010-11	WORKING ESTIMATE FY 2011-12	WORKING ESTIMATE FY 2012-13	WORKING ESTIMATE FY 2013-14	WORKING ESTIMATE FY 2014-15	WORKING ESTIMATE FY 2015-16	WORKING ESTIMATE FY 2016-17
OFFSETS TO GENERAL FUND REVENUE ESTIM														
RETAIL SALES TAX														
LESS: SALES TAX HOLIDAY	(2,756,234)	(2,838,921)	(2,994,089)	(3,083,911)	(3,176,429)	(3,271,722)	(3,369,873)	(3,470,969)	(3,575,098)	(3,682,351)	(3,792,822)	(3,906,607)	(4,023,805)	(4,144,519)
LESS: SPRINGS LAWSUIT		(10,000,000)	(2,000,000)											
LESS: EXEMPT ARTHRITIS DRUG			(1,710,000)	(1,838,452)	1,977,990	2,128,317	2,290,069	2,464,115	2,651,387	2,852,893	3,069,713	3,303,011	3,554,040	3,824,147
INDIVIDUAL INCOME TAX														
LESS: MARRIAGE PENALTY		(39,029,820)	(39,815,064)	(40,209,290)	(40,812,430)	(41,424,616)	(42,045,985)	(42,676,675)	(43,316,825)	(43,966,578)	(44,626,078)	(45,295,487)	(45,974,899)	(46,664,523)
LESS: SMALL BUSINESS RATE REDUCTION			(2,250,000)	(22,500,000)	(54,500,000)	(85,900,000)	(128,900,000)	(128,900,000)	(128,900,000)	(128,900,000)	(128,900,000)	(128,900,000)	(128,900,000)	(128,900,000)
LESS: TAX CREDIT TO DAIRY PRODUCERS			(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)	(3,140,000)
LESS: 2005 JOBS CREATION ACT				(1,330,000)	(13,330,000)	(13,529,950)	(13,732,899)	(13,938,893)	(14,147,876)	(14,360,196)	(14,575,599)	(14,794,233)	(15,016,146)	(15,241,388)
LESS: REBATE WITHHOLDINGS - MOVIES			(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)	(2,790,000)
LESS: TAX CONFORMITY			896,140	(1,275,079)										
CORPORATE INCOME TAX														
LESS: CREDIT FOR STATE PORTS USE					(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
LESS: EXTEND 10-YEAR CARRYFORWARD					(150,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
ADMISSIONS/BINGOTAX														
ADMISS. TAX TRANSFER TO COMMERCE (14		(4,187,958)	(3,907,701)	(4,079,639)	(4,259,144)	(4,446,546)	(4,642,194)	(4,846,450)	(5,059,694)	(5,282,321)	(5,514,743)	(5,757,392)	(6,010,717)	(6,275,188)
ADMISS. TAX TRANSFER TO COMMERCE (13			(3,425,850)	(3,788,237)	(3,954,919)	(4,128,935)	(4,310,609)	(4,500,275)	(4,698,288)	(4,905,012)	(5,120,833)	(5,346,149)	(5,581,380)	(5,826,961)
ALCOHOLIC LIQUOR TAX														
LESS: COUNTY DISTRIBUTION	(3,129,022)	(860,928)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
LESS: ANNUAL SUNDAY SALES LICENSE	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
DOCUMENTARY STAMP TAX														
LESS: CONSERVATION BANK TRUST FUND		(14,834,804)	(17,802,087)	(19,404,275)	(21,150,660)	(23,054,219)	(25,129,099)	(27,390,718)	(29,855,883)	(32,542,912)	(35,471,774)	(38,664,234)	(42,144,015)	(45,936,976)
ELECTRIC POWER TAX														
LESS: TRANSFER TO NON-FED HWY FUND			(7,000,000)	(14,000,000)	(28,152,543)	(29,081,576)	(30,041,268)	(31,032,630)	(32,056,707)	(33,114,578)	(34,207,360)	(35,336,202)	(36,502,297)	(37,706,873)
ESTATE AND GIFT TAXES														
LESS: FEDERAL CHANGE TO ESTATE TAX	(27,000,000)	(40,300,000)	(59,200,000)	(61,714,707)	(62,887,286)	(64,082,145)	(65,299,705)	(66,540,400)	(67,804,667)	(69,092,956)	(70,405,722)	(71,743,431)	(73,106,556)	(74,495,581)
MOTOR VEHICLE LICENSES														
LESS: INFRAST. BANK TRANSFER-TRUCK	(54,597,105)	(56,464,620)	(58,100,000)	(59,790,000)	(56,802,828)	(57,144,228)	(57,938,885)	(57,487,094)	(59,097,862)	(57,832,016)	(60,279,616)	(58,179,008)	(61,485,208)	(58,528,062)
LESS: HIGHWAY FUND TRANSFER-CAR	(6,611,058)	(6,703,933)	(6,900,000)	(7,100,000)	(6,270,246)	(6,714,583)	(9,078,520)	(9,702,204)	(9,824,083)	(10,732,084)	(10,808,534)	(11,805,945)	(11,733,540)	(12,925,577)
LESS: TRANSFER TO NON-FED HWY FUND			(15,571,467)	(40,511,423)	(48,322,109)	(46,121,117)	(46,593,296)	(47,525,162)	(48,475,665)	(49,445,179)	(50,434,682)	(51,442,764)	(52,471,819)	(53,521,052)
PLUS: TEN-YEAR DRIVER'S LICENSES			2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
PETROLEUM INSPECTION TAX														
LESS: TRANSFER TO NON-FED HWY FUND			(3,690,738)	(6,746,949)	(9,501,641)	(9,767,687)	(10,041,182)	(10,181,759)	(10,324,303)	(10,468,844)	(10,615,408)	(10,764,023)	(10,914,720)	(11,067,526)
TOTAL OFFSETS TO REVENUE ESTIMATES	(96,893,419)	(178,000,784)	(230,900,856)	(295,001,963)	(388,922,244)	(405,869,007)	(455,963,447)	(482,859,116)	(471,715,465)	(478,802,134)	(488,812,856)	(495,762,444)	(507,440,862)	(514,540,098)

REARWM/11/22/05